

Message Text

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ACTION EB-07

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TO SECSTATE WASHDC 9356
INFO AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 4025

E.O. 11652: N/A
TAGS: EMIN, BR
SUBJECT: JOINT VENTURE AND MANAGEMENT CONTRACTS

REF: STATE 113191

1. ALL MANGANESE IN BRAZIL IS PRODUCED BY PRIVATELY-OWNED COMPANIES.

2. DOMINANT IRON ORE PRODUCER IS 80 PERCENT GOB-OWNED CVRD (COMPANHIA VALE DO RIO DOCE), WORLD'S LARGEST IRON ORE EXPORTER. IN 1974 BRAZIL'S IRON ORE EXPORTS WERE 59 MILLION METRIC TONS, OF WHICH CVRD ACCOUNTED FOR 46 MILLION TONS. CVRD HAS ENTERED INTO FOLLOWING JOINT VENTURES WITH FOREIGN COMPANIES:

A) CARAJAS IRON ORE PROJECT - AMAZONIA MINERACAO S.A. IS 51 PERCENT OWNED BY CVRD, 49 PERCENT BY US STEEL. OTHER FOREIGN PARTNERS (JAPANESE, BRITISH AND SPANISH) ARE LIKELY TO JOIN SOON ON MINORITY BASIS. PROJECT CALLS FOR 50 MILLION TONS PER YEAR (TPY) OF IRON ORE PRODUCTION BY 1985. INITIAL PRODUCTION OF 12 MILLION TPY IS SCHEDULED FOR 1979. REQUIRED INVESTMENT WILL BE ABOUT TWO BILLION DOLLARS. (FYI: BY 1985, BRAZIL MAY WELL BE PRODUCING A TOTAL OF MORE THAN 180 MILLION TONS OF IRON ORE. END FYI.)

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B) HITABRASCO IRON ORE PELLETIZING PROJECT - 51 PERCENT
CVRD, 49 PERCENT FINSIDER OF ITALY. PLANT UNDER CON-
STRUCTION WHICH WILL COME ON STREAM WITH THREE MILLION
TPY IN 1976. (TWO EXISTING PELLETIZING PLANTS WHOLLY-
OWNED BY CVRD PRODUCE FIVE MILLION TPY.)

C) MIBRASCO IRON ORE PELLETIZING PROJECT - 51 PERCENT
CVRD, 49 PERCENT JAPANESE INTERESTS, PRINCIPALLY NIPPON
STEEL. TWO PLANTS TO PRODUCE THREE MILLION TPY EACH ARE
TO BE READY IN 1977.

D) HISPONOBRAZ IRON ORE PELLETIZING PROJECT - 51 PERCENT
CVRD, 49 PERCENT SPAIN'S NNI. A THREE MILLION TPY PLANT
IS PROJECTED FOR 1977.

E) CVRD-GOFI IRON ORE PELLETIZING PLANT - CVRD AND GOFI
(EGYPT'S GENERAL ORGANIZATION FOR INDUSTRIALIZATION) SIGNED
AGREEMENT LAST AUGUST FOR A \$120 MILLION GOFI INVESTMENT
IN A FOUR MILLION TPY PLANT IN BRAZIL. ALTHOUGH DETAILS
OF AGREEMENT ARE NOT AVAILABLE, CVRD EVIDENTLY WILL BE A
MINORITY PARTNER.

F) CVRD-KORF GROUP (WEST GERMANY) IRON ORE PELLETIZING
PLANT TO PRODUCE FOUR MILLION TPY. NO FURTHER DETAILS
AVAILABLE.

3. PROJECTS LISTED ABOVE ARE DESCRIBED IN RECENTLY
COMPLETED INDUSTRIAL OUTLOOK REPORT ON MINERALS IN
BRAZIL (BRASILIA A-78).
CRIMMINS

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